MANITOBA

ANNUAL REPORT

1982-83

Communities Economic Development Fund

84- 3206 /

The symbol of the Communities Economic Development Fund, a view of Manitoba from the north, depicts the Provincial nature of this Crown Corporation and portrays the emphasis the Fund has on small business development in the remote and isolated areas of Manitoba.

Table of Contents

	Page
Letter of Transmittal	3
Directors and Officers	5
General Manager's Review	5
Auditor's Report	7
Balance Sheet	8
Notes to Financial Statements	10
Schedule of Assistance Granted	13

600-428 Portage Avenue,
Winnipeg, Manitoba.
R3C 0E4

Honourable Jerry Storie,
Minister Responsible for
Communities Economic Development Fund,
Room 333, Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Dear Mr. Storie:

In accordance with the provisions of the Communities Economic Development Fund Act, I enclose the Report for the fiscal year ended March 31st, 1983, and a Statement of the Communities Economic Development Fund's accounts for the year, signed and certified in the prescribed manner.

Respectfully submitted,

H.J. Jones,
General Manager.

Annual Report 1982-1983

Directors and Officers:

Board of Directors

Mr. Bernard Wood (Chairperson from March 6, 1983)	Winnipeg
Mr. William Bennett	Matheson Island
Ms. Barbara Bruce (Chairperson to March 5, 1983)	Winnipeg
Mr. Paul Deprez	Winnipeg
Mr. Eli Harper	Red Sucker Lake
Mr. Douglas Hastings	God's Lake Narrows
Ms. Elizabeth Isbister	Norway House
Mrs. Bernice O'Connor	Churchill

Officers

Mr. Hugh Jones	General Manager
Mr. Alec Musgrove	Assistant General Manager and Treasurer
Mr. Greg Goodwin	Secretary

General Manager's Review

The Communities Economic Development Fund during the year under review made 31 new commitments for a total value of $2.1 Million in 19 different Communities in Manitoba. The following table reflects the loan activity of this agency since its inception in 1972:

Fiscal Year	Applications Approved	Amount	Jobs Created and/or Retained
1972	19	$ 389,500	56
1973	82	1,349,750	125
1974	43	983,983	100
1975	16	731,910	73
1976	18	374,470	100
1977	38	704,658	108
1978	20	510,399	103
1979	20	556,459	92
1980	37	1,982,791	144
1981	34	1,180,740	120
1982	46	2,800,140	176
1983	31	2,138,275	139
	404	$13,703,075	1,336

Enterprises assisted during the year ended March 31st, 1983 included pool halls, winter road operations, sawmills, fuel hauling operations, skidders, as well as tourist operators, gas stations and restaurants with distribution and amounts as per the following table:

Community	No. of Loans	Total Amount
Ashern	1	$ 150,000
Brochet	3	71,500
Churchill	2	250,000
Cormorant	2	19,700
Cranberry Portage	1	25,000
Cross Lake	2	153,500
Eddystone	1	5,000
Ethelbert	1	37,000
Ilford	1	5,000
Koostatak	1	38,500
Lac du Bonnet	1	96,500
Manigotagan	1	10,000
Norway House	2	51,375
Oxford House	3	48,000
Paint Lake	1	190,000
South Indian Lake	1	10,000
The Pas	4	213,200
Wabowden	1	10,000
Winnipegosis	2	754,000
	31	$2,138,275

During the year under review, the Fund's Policy changed to include consideration of financial assistance to Treaty Indian owned enterprises on or off Reserve. Such change does not envision that the Fund will or should take the place of appropriate Federal Agencies in this development but it does permit participation, once again, in this important area. To ensure that the Fund's policy is widely known, the Board has begun to undertake what is intended to be a series of out of town meetings: the first such meeting took place in Thompson in February 1983.

Applications to the Fund continue to be received through a combination of direct contact with the Fund's office in Winnipeg and community visits by staff as well as unsolicited enquiries. All applications for assistance are analyzed in cooperation with the clients and also in relation to potential assistance for the proposed project from other relevant Provincial and/or Federal initiatives.

In an attempt to co-ordinate and "package" proposals for consideration by various Federal and Provincial funding agencies, the Fund continues to co-ordinate meetings of a variety of Government agencies and departments involved in Economic Development of Northern Manitoba. The Fund's Assistant General Manager continues to participate as a member on the Special A.R.D.A. Committee and the

Secretary for Communities Economic Development Fund is a member of the Northern Development Agreement's Program Advisory Committee. Also, the Fund maintains its non-lending activity with representation on the following Corporations:

Churchill Research Centre, Inc.
Neyanun Development Corporation

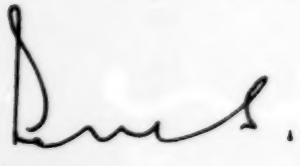
as well as on Boards where the Fund has a direct financial involvement such as Lake Winnipegosis Development Corporation and Churchill Arctic Enterprises Ltd.

Turning to the financial statement, it will be noted that loan interest income increased in view of higher interest rates on loans approved primarily in the previous fiscal year. Expense provision for doubtful accounts increased by $200,000 to $784,000. Six loans were written off for a total of $681,188 and 8 loans paid out in full with the loan to Northern Outboard and Snowmobile Centre Ltd. not having been taken up during the year under review.

As in past reports, I should indicate the need for frequently monitoring existing accounts with all that entails in terms of management and financial guidance, continues to occupy a high percentage of staff time. The general downturn in the economy especially as it related to resource oriented communities has had obvious implications for businesses financed by C.E.D.F.

The Directors continue to meet at least on a monthly basis to consider loan proposals and to recommend policy initiatives to the Minister.

For the time and considerable effort expended by the Directors and significant support from the staff, I express my sincere appreciation.



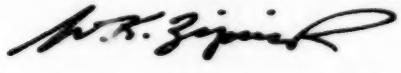
H.J. Jones,
General Manager.

Communities Economic Development Fund

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A and B and Schedule 1, of the Communities Economic Development Fund for the fiscal year ended March 31, 1983. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Communities Economic Development Fund as at March 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.



W.K. Ziprick, C.A.,
Provincial Auditor.

June 28, 1983,
Winnipeg, Manitoba.

Exhibit A

Communities Economic Development Fund

Balance Sheet
as at March 31, 1983
(with 1982 figures for comparison)

Assets

	1983	1982
Cash	$ 185,193	$ 93,848
Short-term bank deposit receipts	100,000	—
Funds on deposit with the Minister of Finance, non-interest bearing	—	450,000
Accounts receivable:		
Province of Manitoba (Note 5)	6,668	6,574
Manitoba Development Corporation (Note 1)	464,889	171,401
Other	4,175	5,709
	475,732	183,684
Loans receivable, less allowance for doubtful accounts (1983 - $887,500; 1982 - $784,600) (Notes 4 and 8)	3,006,882	2,734,296
Office furniture and equipment, at cost, less accumulated depreciation (1983 - $8,180; 1982 - $7,178)	2,445	2,298
	$3,770,252	$3,464,126

Liabilities

Accounts payable	$ 51,687	$ 43,628
Funds held in trust (Note 8)	53,342	55,275
Revolving Fund established by the Province of Manitoba for direct loans (Note 3(a))	3,565,223	3,265,223
Grant received from the Province of Manitoba for loan guarantees (Note 3(b))	100,000	100,000
	$3,770,252	$3,464,126

Signed on Behalf of the Board

Bernice Connor DIRECTOR

Elizabeth Sabiston DIRECTOR

Exhibit B

Communities Economic Development Fund

Statement of Income and Expense
for the year ended March 31, 1983
(with 1982 figures for comparison)

	1983	1982
Income:		
Interest, loans	$ 413,713	$ 364,332
Interest, other	10,477	26,583
Miscellaneous	2,460	21,170
	426,650	412,085
Expense:		
General administrative, Schedule 1, (Note 7)	791,578	793,081
Provision for doubtful accounts on loans receivable (Note 4)	784,088	584,211
	1,575,666	1,377,292
Less: Administrative expenses recovered from the Province of Manitoba (Note 6)	161,000	146,400
Net Expense	1,414,666	1,230,892
Excess of expense over income	988,016	818,807
Less: Subsidy received or receivable from the Manitoba Development Corporation (Note 1)	988,016	818,807
	$ —	$ —

Schedule 1

Communities Economic Development Fund

Schedule of General Administrative Expenses (Note 7)
for the year ended March 31, 1983
(with 1982 figures for comparison)

	1983	1982
Consultants — fees and expenses	$ 68,792	$109,766
Depreciation	1,062	948
Directors' fees and expenses	43,310	35,085
Grant to Churchill Research Centre Inc.	—	125,000
Legal and audit	16,230	17,954
Loss on disposition of "Property Held for Resale"	—	4,665
Office supplies and expenses	63,884	49,374
Salaries and employee benefits	501,631	371,444
Sundry	17,223	8,436
Travel	79,446	70,409
General administrative expenses, Exhibit B	$791,578	$793,081

Communities Economic Development Fund

Notes to the Financial Statements
for the year ended March 31, 1983

1. *Nature of the Fund*

   The Communities Economic Development Fund was established as a Crown Corporation to encourage the optimum economic development of remote and isolated communities within the Province. To carry out this objective it is not practical to pass on all of the Fund's costs to the users of its services. As a result the Fund depends to a certain extent on subsidized assistance.

   The Manitoba Development Corporation provides the subsidy assistance required by the Fund to the extent of the Fund's excess of expense over income.

2. *Significant Accounting Policies*

   (a) General

   The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, except for the accounting for pension costs as set out in (d) below.

   (b) Allowance for doubtful accounts

   The allowance for doubtful accounts regarding possible losses on outstanding loans is determined on an individual account basis.

   (c) General administrative expenses (Schedule 1)

   Certain of these expenses are subject to sharing with the Manitoba Development Corporation and other expenses have been provided at no charge to the Fund in accordance with the terms disclosed in Note 7.

   (d) Pensions

   The officers and employees of the Fund are not members of the Civil Service of the Government of Manitoba, but they contribute to and are pensionable under the Civil Service Superannuation Fund.

   In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Fund contributes 50% of the pension disbursement made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Fund's employees amounted to $136,115 as at December 31, 1982.

3. *Funds Authorized by the Province of Manitoba*

   (a) Funds for direct loans

   The Revolving Fund shown on the Balance Sheet was established on April 1, 1976 through an order of the Lieutenant Governor in Council which provided for the conversion of Province of Manitoba advances to conditional grants for direct loans. If at anytime the Revolving Fund should exceed the amount which the Government has provided by way of conditional grants, the excess amount shall be paid over to the Government, and if operations should cease the residue of the Revolving Fund shall be paid to the Government.

   The change in the Revolving Fund during the year is as follows:

Balance, beginning of year	$3,265,223
Conditional grants received during the year	300,000
Balance, end of year	$3,565,223

   The balance of available capital authority for direct loans amounted to $2,557,000 as at March 31, 1983.

   (b) Funds for loan guarantees

   Capital funds in the amount of $1,500,000 had been authorized by the Legislature to be advanced to the Fund for loan guarantees. As at April 1, 1976 the Government of the Province of Manitoba had advanced the Fund $100,000 of the authorized amount. Effective April 1, 1976, by an order of the Lieutenant Governor in Council, this advance was converted to a grant.

4. *Allowance for Doubtful Accounts*

The change in the allowance during the year is as follow:

Balance, beginning of year	$ 784,600
Provision during the year	784,088
	1,568,688
Less: Accounts written off	681,188
Balance, end of year	$887,500

5. *Accounts receivable — Province of Manitoba*

	1983	1982
Administrative expenses recoverable (Note 6)	$6,668	$1,574
Consultant study — Province of Manitoba share	—	5,000
	$6,668	$6,574

6. *Administrative Recoveries*

Administrative expenses, in respect of a client staff and C.E.D.F. staff training program providing small business and community enterprises with management training and assistance, amounting to $161,000 (1982 - $146,400) were recovered from an appropriation of the Province of Manitoba provided for this purpose.

7. *Administration of the Fund*

The Communities Economic Development Fund is jointly administered with the Manitoba Development Corporation. Common administrative expenses are paid by the Fund except for rent and utility costs which are paid by the Corporation.

8. *Funds Held in Trust*

During the year ended March 31, 1980, the Board approved $50,000 in interest free loans to provide for management assistance and working capital for entrepreneurial and community development in northern and remote communities. The interest free loans are subject to forgiveness depending on the economic viability of the borrowers' operations at a future date. If, in the future, repayment becomes impossible, the loans will then be converted to grants. Because of this possible future conversion, these funds received from the Province have not been taken into income but placed in trust and are included in funds shown as held in trust on the Balance Sheet. Should the $50,000 of interest free loans become uncollectible, a conversion of the $50,000 in trust will be applied on account of these loans. If the interest free loans are collected the amount in trust will be taken into income.

9. *Loan Commitment and Contingent Liabilities*

	1983	1982
Loan commitments — undisbursed balance of approved loans	$730,445	$809,637
Contingent liability — bank loan guarantees	100,000	40,000
	$830,445	$849,637

Communities Economic Development Fund

Report of Assistance Granted
for the year ended March 31, 1983

Auditor's Report

The foregoing report has been prepared by officials of the Communities Economic Development Fund and checked by my representatives with the records of the Fund which have been audited by us. In our opinion this report reflects the assistance granted or committed to be granted by the Fund for the year ended March 31, 1983.

W.K. Ziprick, C.A.,
Provincial Auditor.

June 28, 1983,
Winnipeg, Manitoba.

Communities Economic Development Fund

Report of Assistance Granted or to be Granted for the year ended March 31, 1983

	Interest Rate	Term	Amount
Anderson, Jesse	12½%	1 year	$ 10,000
Beef and Reef Restaurant Ltd.	17%	10 years	96,500
Churchill Arctic Enterprises Ltd.			
Bank guarantee	2% per annum	7 months	150,000
Bank guarantee	2% per annum	1 year	100,000
Clean Rite Cleaners (The Pas) Ltd.	14%	10 years	149,200
D & G Trading Ltd.	12½%	4 months	10,000
Dear, John	12½%	4 months	10,000
Farrow, Daniel	17½%	2 months	10,000
Farrow, Daniel	16%	8 years	58,500
Fleming, Ivan	11¼%	7 years	104,000
George Davidson Steam Cleaning, The Pas	11¼%	2 years	4,000
Godfrey, Dorothy and/or Ronald	17½%	4 years	35,000
Gold Trail Hotel Ltd.	12½%	6 months	5,000
Grieves, William	11½%	10 months	6,000
Interlake Reserves Tribal Council			
Company to be Incorporated	11¼%	10 years	150,000
Kirkness, Gordon Kenneth	11¼%	3 years	38,500
Lake Fresh Fish Products Inc.	16¾%	4 months	5,000
Lake Winnipegosis Development Corp.	12½%	10 years	650,000
Merasty, Harry & Seonaid	16%	5 months	3,000
Mih-Ta Enterprises Inc.	11¼%	10 months	10,000
Nabess, Clifford	16%	3 years	9,700
North, Gilbert	12½%	5 months	35,000
North, Gilbert	11½%	3 years	7,000
Norway House Fishermen's Co-operative Ltd.	16¼%	3 years	41,375
Ottavio Budai Logging Contractors Ltd.	11¼%	3 years	25,000
Paint Lake Marina (1980) Ltd.	12½%	10 years	190,000
Pielak, Percy and/or Pielak, Eva	11½%	5 years	25,000
Pi Mi Chi Ka Mac	Nil %	On demand	43,500
Pi Mi Chi Ka Mac	Nil %	On demand	110,000
Romanyshen, Edward Walter	17½%	3 years	37,000
Wilkes, David and/or Whatley, Ronald	17½%	3 years	10,000
			$2,138,275

Communities Economic Development Fund

A source of financing for business in remote and isolated communities in Manitoba.

What Kind Of Assistance Does the Fund Provide?

Assistance from the Fund is usually in the form of a term loan to help establish or expand businesses. The Fund also assists community development corporations.

Local ownership and control of the business applying for assistance will be considered of prime importance. The Fund will assess the effect of its assistance on the community and on working conditions and wage levels as well as ensure that continuing training and upgrading of skills of the workers involved is made available.

Types Of Business?

All types of small businesses ranging from manufacturing to service industries are eligible for assistance.

Assistance is determined on the basis of each applicant's requirements.

Geographical Location:

In consideration of applications for assistance to establish or expand small to medium-sized economic enterprises, the Fund will emphasize economic development of northern Manitoba.

Interest Rate

Current interest rates can be learned by enquiry to the Fund. The rate of interest at the time a loan is approved is fixed for the life of the loan.

What Security Is Required?

In determining the extent to which the loan or loans shall be secured, the Board shall take into consideration the nature and location of the fixed and other assets being financed.

What Conditions Must The Applicant Fulfill?

a) There must be assurance of repayment from the earnings of the business.

b) There must be evidence of the ability to operate the business successfully. Where, in the opinion of the Fund, an applicant requires management or other training, the Fund may insist that the applicant undertake a training programme before any loan commitment is made. To this end, the Fund may assist in applying for any available grants to cover these costs.

c) The applicant cannot obtain sufficient monies from other sources on reasonable terms.

d) The applicant provides equity, in cash or otherwise, to the business to be financed.

How Are Loans Repaid?

The Fund will set the rate of repayment to suit the need of individual borrowers.

Does The Fund Provide Technical And Other Assistance For Loan Applicants?

Yes, in accordance with the specific requirements of each applicant and business.

How Does The Fund Relate To Other Programmes?

The Fund may provide assistance to businesses eligible for Provincial and Federal programme assistance.

The Fund also participates in the "packaging" of projects in co-operation with other agencies and programmes.

How To Apply?

Requests for information should be addressed to the General Manager, 600 - 428 Portage Ave., Winnipeg.

POOR

QUALITY

ORIGINAL